

Message Text

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PAGE 01 PARIS 02612 301805Z

64

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 RSC-01 CIEP-01 SP-02 STR-01

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 L-02 AGR-05 TAR-01

PA-01 PRS-01 USIA-06 /064 W
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R 301754Z JAN 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6272

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

C O N F I D E N T I A L PARIS 02612

E.O. 11652: XGDS1

TAGS: EEC, UK, FR

SUBJECT: EC RENEGOTIATION: THE BUDGET ISSUE

REF: (A) LONDON 1416; (B) PARIS 30559; (C) PARIS 29779

1. BEGIN SUMMARY: FRENCH SEEM PREPARED TO SEEK SOME COMPROMISE ON THE EC BUDGET ISSUE, BUT ARE UNLIKELY TO GO VERY FAR AS LONG AS THEY PERCEIVE (A) THAT BUDGET ISSUE IS NOT CRUCIAL TO REFERENDUM OUTCOME, AND (B) THAT WILSON HAS NOT THROWN HIS FULL WEIGHT INTO THE REFERENDUM BATTLE ON THE SIDE OF THE PRO-MARKET FORCES. END SUMMARY.

2. COLVIN'S DESCRIPTION OF FRENCH POLICY ON CALCULATION
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PAGE 02 PARIS 02612 301805Z

OF MEMBER STATE BUDGET CONTRIBUTIONS (REF A, PARA 4)

CONFORMS TO RATHER DETAILED FRENCH POLICY DESCRIBED TO US BY QUAI JUST AFTER DECEMBER PARIS EC SUMMIT (REF B, PARA 4).

3. IN RECENT DISCUSSION WITH US, DUFOURCQ (QUAI DEPUTY DIRECTOR FOR WESTERN EUROPE) UNDERLINED CONTINUING PROBLEMS THAT QUAI STAFFERS FIND WITH PROPOSALS TO MAKE SUBSTANTIAL CHANGES IN CURRENT PROCEDURES FOR HANDLING EC BUDGET. HE DID NOT EXCLUDE POSSIBILITY OF FRENCH AGREEMENT TO COMPROMISE DESIGNED TO MOVE TOWARD "CORRECTIVE MECHANISM." HOWEVER HE REFLECTED DEEP SKEPTICISM CONCERNING DEGREE TO WHICH COMPROMISE SOLUTION WOULD HAVE POSITIVE EFFECT ON OUTCOME OF UK REFERENDUM. INDEED, HE SEEMED FRUSTRATED BY HIS PERCEPTION THAT OUTCOME OF THAT REFERENDUM WOULD BE DECIDED ALMOST ENTIRELY ON BASIS OF DOMESTIC UK TERMS, LARGELY UNAFFECTED BY THE ACTIONS (OR INACTIONS) OF OTHER COUNTRIES, INCLUDING THE U.S.

4. COMMENT: QUAI OFFICIALS DEALING WITH PROBLEM OF EC RENEGOTIATION SEEM TO BE PERSUADED THAT CONTINUED UK MEMBERSHIP IN EC IS A GOAL WORTH SOME COMPROMISE BY FRENCH. AT THE SAME TIME, THEY GIVE IMPRESSION OF BEING SKEPTICAL THAT SIGNIFICANT FURTHER CHANGES IN FRENCH POLICY ON BUDGET ISSUE CAN HAVE ANY APPRECIABLE EFFECT ON FUTURE BRITISH EC POLICY. MOREOVER, WE BELIEVE GISCARD WOULD LIKE TO KEEP UK IN THE EC -- BUT HE IS NOT PREPARED TO PAY "ANY PRICE" TO DO IT. FRENCH OFFICIALS SEEM DUBIOUS THAT THE WILSON GOVERNMENT IS PREPARED TO WAGE TYPE OF DOMESTIC POLITICAL FIGHT THAT WILL BE REQUIRED TO PRODUCE EVEN MARGINAL VICTORY BY BRITISH PRO-EC FACTION. THE CONTINUED ABSENCE OF STRONG AND DETERMINED EFFORTS BY WILSON TO SUPPORT BRITAIN'S EC MEMBERSHIP WILL NOT ENCOURAGE A MORE FLEXIBLE ATTITUDE ON PART OF FRENCH WITH REGARD TO THE BUDGET ISSUE. (REF C, PARA 3 GIVES AN EARLIER AND SIMILAR ANALYSIS OF THIS PROBLEM AS SEEN FROM PARIS.) INCIDENTALLY, WE UNDERSTAND THAT COLVIN WILL BE JOINING THE UK EMBASSY HERE SHORTLY AND WILL HAVE OPPORTUNITY TO MEASURE FRENCH ATTITUDES FIRST HAND.

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PAGE 03 PARIS 02612 301805Z

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